

SCHERTZ

ECONOMIC DEVELOPMENT CORPORATION

MINUTES

THURSDAY, AUGUST 23, 2018

The City of Schertz Economic Development Corporation (SEDC) Board of Directors met for a Regular Monthly Meeting on Thursday, August 23, 2018 at 6:00 p.m. in the City Council Municipal Complex, City Council Chambers, Building No. 4, Conference Room, 1400 Schertz Parkway, Schertz, Texas. This is an open meeting, subject to the open meeting laws of the State of Texas.

CALL TO ORDER

1. Roll call and recognition of visitors.

President Brown called the meeting to order at 6:02 p.m. and welcomed everyone in attendance.

The following being present and in attendance:

Board of Directors:

Tim Brown – President
Paul Macaluso –VP/Treasurer/ Secretary
Roy Richard
Mark Tew
Sammi Morrill
Jesse Hamilton

Staff:

Kyle Kinateder – SEDC Executive Director
Patty Horan – ED Executive Assistant
Jennifer Kolbe – Business Retention Manager
Drew Vincent – ED Analyst

Others present:

Daniel Ortega - Resident
Emiliano Guerrero -Visitor
Jon Sullivan - Resident

2. Public comment.

No public comments were made.

PRESENTATIONS

3. SEDC monthly financial statements: June and July 2018. (J. Walters)

Mr. Kinateder presented the monthly financial statement in Mr. Walters' absence. No significant expenses or payments were reported for the period. The SEDC cash and investment balances have grown to \$16.7 million. Sales tax receipts grew 48% over the previous year. The increase was the result of an audit adjustment by the Texas Comptroller's office in the favor of the City of Schertz and the SEDC. Excluding the audit adjustment, staff reported that sales tax receipts still grew by 17% percent.

Staff reported that most of the City's sales taxes come from non-traditional retail sources such as our manufacturing, distribution, construction and rental companies.

4. 2nd Quarter 2018 economic and project update. (D. Vincent)

Mr. Vincent reported an approximate 10% percent increase in the average asking price for the City's industrial buildings from the second quarter 2017 to the second quarter 2018. Mr. Vincent provided a price comparison chart demonstrating the change from second quarter of 2017 (\$5.32NNN) and the second quarter 2018 (\$5.84NNN). While companies and developers have produced more industrial space inventory during this period, there has not been any major corresponding leasing activity. Currently, the industrial vacancy rate is at 10.6%. Staff is monitoring these pricing and leasing fluctuations to identify possible trends.

5. Business Retention and Expansion (BRE) Plan update. (J. Kolbe)

Ms. Kolbe referred to the report included in the packet. She reported that a significant amount of time has been spent working on workforce development. These efforts are a direct result of what staff has heard from our employers through business visits and roundtables. The Schertz Cibolo Universal City Independent School District presented at the Manufacturers Roundtable on proposed changes to the Career Technology Education curriculum. Ms. Kolbe coordinated a Job Fair for Baker Hughes GE (BHGE) which was held on September 22, 2018. Approximately 260 employees will be displaced by the facility closure. One hundred fifty employees were served during the event and BHGE reports that the other 100 that did not attend may already have something lined up. The plant will be fully closed by the end of the year. Upcoming events scheduled for the month of August include a new Human Resources Roundtable and Town Hall meetings regarding the Tri County Parkway improvements.

6. Forecast/planning of the SEDC Reserves. (K. Kinaterder)

Mr. Kinaterder presented the first of a series of presentations to discuss the forecasting/planning of the SEDC reserves. The goal is to help the SEDC Board of Directors fully understand the types of authorized projects, evaluate current/future development opportunities, and formulate a long-term strategy/policy for the SEDC reserves.

Mr. Kinaterder presented information on the different type of projects that are authorized by the Texas Local Government Code. Mr. Kinaterder's presentation was broken down in three sections: 1) Focus projects (projects related to the creation or retention of primary jobs and infrastructure improvements); 2) Other authorized projects, projects available/applicable (job training, career center, recycling facilities, community facilities, affordable housing and water supply/conservation facilities); 3) Projects that require specific demographics (military bases, airports, projects by corporations, etc.). Mr. Kinaterder's presentation focused on primary job creation, infrastructure projects, rail system, career training centers and affordable housing connected to workforce development.

The Board posted a request from staff to look into the possibility of using city facilities to run small scale job training workshops. No formal direction was provided.

7. Overview on making a motion, voting, and executing agreements. (K. Kinateder)

Mr. Kinateder explained that the SEDC is a separate non-profit entity from the City and as such operates under different rules and procedures. The SEDC operates under the Texas Local Government Code Sections 501, 502, and 505 (the "Code"). The Code does not outline the rules and procedures of making a motion, voting or executing agreements. The Code does however obligate the SEDC to follow the Public Information Act (PIA) and Open Meetings Act. Bylaws are one way to outline rules and procedures for making a motion, voting and executing agreements. Currently, the SEDC Bylaws have not outlined or dictated the rules or procedures for this matter. Mr. Kinateder said that staff relies on legal counsel's knowledge to review agreements and to ensure that we're acting on the direction of this Body. Mr. Kinateder asked for Board members' input on any procedures needed to be put in place in the future.

President Brown stated that in general, there hasn't been any problems with these types of issues. Staff has been very good at keeping him informed. Nevertheless, President Brown wasn't sure of how many minor editorial changes constitute it necessary to call the whole Body for a meeting to review the changes. He opened the item for discussion. Members asked for the ability to review changes remotely through technology means, and asked on how thoroughly should agreements be reviewed for errors. Mr. Kinateder said that there are several ways of holding meetings remotely for as long as the Board is in compliance with the regulations of the PIA. Unfortunately, the City does not have the technology available to support that type of communication at this time. President Brown stated that he relies on the staff to review accuracy of the information. Mr. Richard stated that is up to each Board member to decide how deep they want to review documents. No formal direction was provided.

ITEMS FOR INDIVIDUAL CONSIDERATION

8. Consider/Discuss/Act on approval of the minutes for the Board of Directors Regular Monthly Meeting held on Thursday, June 28, 2018, and the minutes for the Special Called Meeting held on Tuesday, July 10, 2018. (P. Horan)

A motion to approve the minutes for the Board of Directors Regular Monthly Meeting held on Thursday, June 28, 2018, and the minutes for the Special Called Meeting held on Tuesday, July 10, 2018 was made by Mr. Macaluso. Seconded by Mr. Hamilton. **Motion passed** unanimously.

9. **REQUESTS AND ANNOUNCEMENTS**

The following announcements were made:

A. Announcements by staff:

- Office closure – Labor day – Sep. 3, 2018
- 2018 Steve Simonson Volunteer of the Year Award nominations due – Sept. 30, 2018
- Texas Plumbing Supply Company (TPS), Inc. grant payment issued
On July 17, 2018 TPS received the certificate of occupancy and commenced operations in Schertz. Staff processed the grant payment in accordance to the Agreement.
- 1300 Schertz Parkway – The City's Parks and Recreation department constructed walking trails on the SEDC's vacant lot located at 1300 Schertz Parkway. The property was also used to store and to sort materials during the construction of the walking trails.
- Update on proposed Budget FY 2018-19 presented to City Council

The summary sent to City Council for the approval of the budget included a few changes from what was approved by the Board during the June meeting. The changes included the removal of the \$112,500 grant payment to Texas Plumbing Supply Company and adjustments were made to the SEDC revenue projections (increased to 5.8%) to align with those used by the City.

- Notification to the City Council of the Small Business Grant approval process
Staff sent a memo to City Council to inform them that the Small Business Grant Program was approved through the approval of the Incentive Policy and the expenditure through the annual budget process. No additional approval is needed from the City Council for Small Business Grants.

B. Requests by Board Members to place items on a future SEDC Board Meeting agenda.

Board member Tew requested for the staff to look into the possibility of being able to use City facilities to run a small-scale career center to conduct job training workshops.

President Brown recessed into closed session at 6:50 p.m.

10. **CLOSED SESSION**

Called in accordance with Section 551.087 of the Texas Government Code, Deliberation Regarding Economic Development Negotiations; Closed Meeting. The governmental body is not required to conduct an open meeting (1) to discuss or deliberate regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or (2) to deliberate the offer of a financial or other incentive to a business prospect.

- Project E-043

Start time: 6:50 p.m.

End time: 7:01 p.m.

- Project E-044

RECONVENE TO REGULAR SESSION

President Brown reconvened back to regular session at 7:03 p.m.

11. Discussion and possible action to authorize the SEDC Executive Director to take the necessary and appropriate actions to proceed with negotiations based on discussions held in Closed Session under Agenda Item No. 10:

- Project E-043 – Titan Lookout, LLC. Discussion, public hearing, and possible action relating to an expenditure of SEDC funds for infrastructure improvements.

Mr. Kinatader provided a briefing of the overall project and agreement. Under the agreement, Titan Lookout LLC will make intersection improvements to Schertz Parkway and Lookout Road. Titan must design the improvements within 180 days and construct the improvements within one year. Upon completion of the infrastructure improvements, the SEDC will provide up to seven hundred fifty

thousand dollars (\$750,000.00) to the project. In consideration, Titan is required to make a capital investment of eleven million dollars (\$11,000,000) within eight years.

President Brown opened the public hearing at 7:06 p.m.

Mr. Emiliano Guerrero expressed his company's appreciation in working with the staff.

No other comments were made.

President Brown closed the public hearing at 7:07 p.m.

A motion to approve the agreement terms and authorize the President to execute the agreement and to recommend that City Council authorizes the program expenditures associated with the agreement was made by Mr. Richard. Seconded by Ms. Morrill. **Motion passed** unanimously.

President Brown recessed again to closed session at 7:10 p.m.

- Project E-044

Start time: 7:10 p.m.

End time: 8:03 p.m.

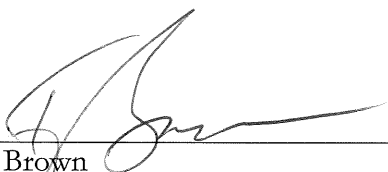
President Brown reconvened back to regular session at 8:03 p.m.

No action was taken.

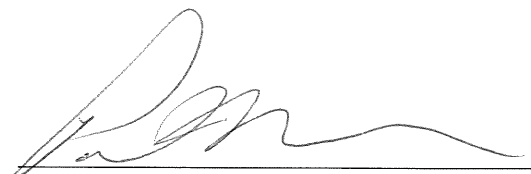
ADJOURNMENT

President Brown adjourned the meeting at 8:03p.m.

MINUTES PASSED AND APPROVED THIS 27 DAY OF SEPTEMBER 2018.



Tim Brown
President



Paul Macaluso
Vice President/Treasurer/Secretary

